

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

East Lake Apartments, located at 1315 Yuba Street in Marysville, requested and is being recommended for a reservation of \$1,756,819 in annual federal tax credits and \$5,310,000 in total state tax credits to finance the new construction of 70 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Buckingham Property Management and will be located in Senate District 4 and Assembly District 3.

Project Number CA-21-058

Project Name East Lake Apartments
Site Address: 1315 Yuba Street
Marysville, CA 95901 County: Yuba
Census Tract: 402.000

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,756,819	\$5,310,000
Recommended:	\$1,756,819	\$5,310,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Valley Initiative for Affordable Housing
Contact: Dorothy Knox
Address: 1822 Canal Street
Merced, CA 95340
Phone: 209.617.8476
Email: valleyinitiative@yahoo.com

General Partner(s) / Principal Owner(s): TPC Holdings IX, LLC
Valley Initiative for Affordable Housing
General Partner Type: Joint Venture
Parent Company(ies): The Pacific Companies
Valley Initiative for Affordable Housing
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Financial
Management Agent(s): Buckingham Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 71
No. & % of Tax Credit Units: 70 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Capital Region
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of</u>	<u>Percentage of</u>
	<u>Units</u>	<u>Affordable Units</u>
At or Below 30% AMI:	7	10%
At or Below 40% AMI:	11	15%
At or Below 50% AMI:	28	40%
At or Below 60% AMI:	24	30%

Unit Mix

24 1-Bedroom Units
24 2-Bedroom Units
23 3-BedroomUnits
<u>71 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of</u>	<u>Proposed Rent</u>
	<u>Area Median Income</u>	<u>(including utilities)</u>
1 1 Bedroom	30%	\$393
3 1 Bedroom	40%	\$525
10 1 Bedroom	50%	\$656
10 1 Bedroom	60%	\$787
3 2 Bedrooms	30%	\$472
4 2 Bedrooms	40%	\$630
9 2 Bedrooms	50%	\$787
8 2 Bedrooms	60%	\$945
3 3 Bedrooms	30%	\$545
4 3 Bedrooms	40%	\$727
9 3 Bedrooms	50%	\$908
6 3 Bedrooms	60%	\$1,090
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,505,000
Construction Costs	\$14,335,600
Rehabilitation Costs	\$0
Construction Contingency	\$915,000
Relocation	\$0
Architectural/Engineering	\$595,000
Const. Interest, Perm. Financing	\$798,000
Legal Fees	\$50,000
Reserves	\$249,660
Other Costs	\$861,308
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$21,509,568

Residential

Construction Cost Per Square Foot:	\$241
Per Unit Cost:	\$302,952
True Cash Per Unit Cost*:	\$271,966

Construction Financing

Source	Amount
California Bank & Trust	\$17,148,951
Deferred Developer Fee	\$2,200,000
Deferred Costs	\$249,660
Tax Credit Equity	\$1,910,957

Permanent Financing

Source	Amount
California Bank & Trust	\$2,200,000
Deferred Developer Fee	\$200,000
Tax Credit Equity	\$19,109,568
TOTAL	\$21,509,568

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,520,206
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$19,520,206
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,756,819
Total State Credit:	\$5,310,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.81992

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	14.624%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Marysville, has completed a site review of this project and supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	2	2	2
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.